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FAVORABLE with Amendments – House Bill 1425
Climate Solutions Act of 2020 – Greenhouse Gas Emissions Reduction Act

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) appreciate the opportunity to comment on **HB 1425 Climate Solutions Act of 2020 – Greenhouse Gas Emissions Reduction Act**. HB 1425 would set higher greenhouse gas emissions reductions that the State must achieve by 2030 and 2045, respectively. Additionally, it would also set procurement standards for state purchases of electric vehicles and require that bus purchases be 25% electric in 2021 ramping to 50% in 2025, and light duty electric vehicles be 50% in 2021 ramping up to 100% in 2025. HB 1425 would also impact energy efficiency savings targets established for EmPower Maryland and create requirements for solar on new buildings over a certain square footage. Finally, HB 1425 adds an environmental justice component to the strengthened GHG targets, with the intention of identifying and targeting for economic opportunities, communities harmed by discrimination and/or the effects of pollution and climate change.

HB 1425 advances Maryland's efforts to decarbonize, however, the details with respect to how Maryland will achieve those goals, particularly as it relates to the energy sector, will be critical. For example, increased penetration of distributed energy resources such as solar can place stress on feeders within our system and as a result, planning and investment will be critical to ensure a reliable interconnection process for all customers.

HB 1425 increases the target for energy efficiency programs currently reviewed and approved by the Maryland Public Service Commission (PSC). Pepco and Delmarva Power applaud Maryland for recognizing the importance of energy efficiency as an important tool in driving down greenhouse gas emissions. Currently Maryland has one of the most aggressive energy savings goals in the country, requiring a 2% energy sales reduction target through its EmPower Maryland programs. EmPower programs have been active in the state since 2008.

Building and lighting codes and standards are continuously evolving, creating organic energy efficiency benefits for customers; Maryland does not currently recognize these benefits, however, in its calculation of whether EmPower program targets are being met. In addition, it is unclear as to how the transition toward increased vehicle electrification as well as net zero energy goals will align with energy efficiency targets. As currently structured, increasing amounts of electrification from transportation and, potentially, buildings, will make energy efficiency targets even more challenging to meet.

While Pepco and Delmarva Power have developed effective and successful programs to date, in order to achieve a 3% energy reduction target, Pepco and Delmarva Power's spend on EmPower programs would likely need to triple or quadruple—and without the support of the PSC and an unlimited budget, it will be impossible for Pepco and Delmarva Power to meet a target above the current 2%. The Senate cross-file of this legislation was amended to reduce the 3% target in the bill as introduced to 2.8%, however Pepco and Delmarva Power reiterate that any goal over the current goal of 2% will be very costly to meet and programs submitted in order to accelerate energy efficiency are unlikely to be found cost effective by the PSC. Pepco and Delmarva Power recommend removing this requirement and have provided an amendment to that effect attached hereto. Providing cost effective energy efficiency programs is key to these programs being of value to all stakeholders.

In lieu of changing the targets, Pepco and Delmarva Power urge consideration of moving toward an approach that measures carbon benefits of reduced usage and the beneficial aspects of electrification to better align with the goals of this bill and provide additional flexibility as technology, standards and policies evolve.

Pepco and Delmarva Power agree that encouraging the growth of Electric Vehicles (EVs) is critically important because transportation is the largest contributor to greenhouse gas emissions in Maryland. In addition, transforming the transportation sector to one that is fueled by electricity has immediate local air quality and public health benefits, particularly for those communities that live closest to high volume transportation corridors, bus routes and bus depots, etc. HB 1425 recognizes the importance of reducing emissions in the transportation sector by setting several targets that will help advance transportation electrification in the state. In 2013, along with nine other states, Maryland signed a memorandum of understanding on Zero-Emission Vehicle programs. The MOU sets forth a target of 300,000 zero-emissions vehicles in Maryland by 2025. More recently, on January 16, 2019, the PSC approved a five-year EV charging infrastructure pilot program that will be implemented by four of the state's largest electric utilities. Pepco and Delmarva Power are implementing this pilot program through our EVSmart Program which will help Maryland progress to the state's Air Quality and Chesapeake Bay goals. The EVSmart Program provides rebates, tools and information to help customers make more informed decisions when it comes to making the transition to a cleaner transportation option. HB1425 will complement the EVSmart Program and encourage use of electric vehicles in Maryland.

We look forward to working with the sponsors and key stakeholders on HB 1425 in order to ensure the bill achieve its goals, effectively, efficiently and affordably. We believe additional discussion is warranted on several provisions, in order to provide clarity and accurate emissions reductions accounting as it relates to the targets set forth in the bill and implementation of the bill.

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Amendment

Delete the brackets around “2.0%” in lines 17 and 22 of page 17 and strike “2.8%” in lines 17 and 22 of page 17.